2.14 PROPOSED CASH CONTAINMENT STRATEGIES

INTRODUCTION

In the current economic world it is crucial for the organization to develop a strategy to minimize cost and achieve the desired results of the organization at the end.

Improved accountability and transparency can be realized through a more proactive and regular reporting of both cost containment activities and the results generated. The issues for concentration could be; security cost, cost of hiring equipment, catering cost, use of council vehicles, energy management.

Consultation with employees and also obtaining input from all affected stakeholders (business, ratepayers, etc) can be beneficial to cost containment plan.

Although some of the many cost saving measures have been implemented over years, it will assist to revisit them with the intention to improve.

Proper planning also may assist the municipality to contain cost.

AREAS FOR COST CONTAINMENT

2.1 Facilities

2.1.1 As far as possible encourages the use of council facilities for community meetings and staff meetings. This will mean a reduction in cost of hiring venues for meetings.

2.1.2 List of available council facilities for meetings be provided on council website for staff to know and book the facility with the responsible person.

2.1.3 Cease all non-essential and non-routine maintenance unless there are health and safety issues concerns.

2.2 Security Cost

2.2.1 Fully utilize internal security staff to secure council property and fill all vacant positions for the unit to be effective.

2.2.2 Review the need for security personnel in council facilities during the day and at night. In some facilities an alarm system can be at night (at low cost) and a security guard during the day.

2.3 Cost of Hiring Plant and Equipment

2.3.1 Council spent lot of money hiring plant/equipment.

2.3.2 SCM/Asset must develop a register of items that are hired to monitor cost and identify those items that are hired on a regular basis. A plan be developed to acquire these items within 5 years.

2.3.3 Review cost of hiring compared to cost of purchasing and owning the equipment in the long term.

2.4 Catering Cost

2.4.1 Municipality to ensure no catering expenses incurred for meeting where only municipal officials are in attendance unless meeting is continuous for more than 5 hours

2.4.1 Minimize catering for meetings and consider providing light meal where possible with the intention to reduce cost.

2.4.2 All catering requests to be submitted to Chief Financial Officer for consideration and approval, subject to availability of funds.

2.4.3 The Chief Financial Officer submits to the Management Committee a list for consideration of which meetings should be permitted to have catering services.

2.5 Use of Council Vehicles

2.5.1 All employees who enjoy the benefit of taking council vehicle home after work must submit a motivation to Management Committee for review of the need for such benefit.

2.5.2 All new requests for employee to take council vehicle home after work must be submitted to Management Committee with a detailed motivation for consideration and approval.

2.5.3 A vehicle replacement programme must be developed to ensure that ageing fleet that is not cost effective to repair is replaced on time.

2.5.4 Employees that cause damage to council vehicle must be investigated and if found negligent disciplinary action must be taken and cost of repair be recovered from the employee.

2.5.5 Asset must keep a register of repairs to vehicles and where cost to repair are more than the net book value step to auction the vehicle in terms of council policy must be taken.

2.6 Stationery

2.6.1 Reduce the use of paper when communicating rather use electronic medium.

2.6.2 Agendas and Minutes to be distributed electronically.

2.6.3 Encourage council staff to receive their municipal bill via e-mail and phase this to the general public starting with businesses.

2.6.4 Use double sided copying, recycled paper etc.

2.7 Overtime

2.7.1 Encourage staff to take time off in lieu of overtime worked.

2.7.2 All planned overtime for each business unit for the month must be submitted to Management Committee for consideration and must be properly quantified.

2.7.3 Unplanned overtime must be reported to Management Committee monthly with reasons for working overtime.

2.8 Review Business Process

2.8.1 Review all business process with the intention to eliminate duplication of functions.

2.8.2 Combine business units or departments where there is duplication of functions to save time.

2.8.3 This will eliminate bottlenecks in the system.

2.8.4 Look at productivity of current staff members, work being undertaken by two people may be easily undertaken by one person.

2.9 Travel and Entertainment

2.9.1 Eliminate or reduce unnecessary long distance business travel or their numbers.

2.9.2 Set travel ban where applicable.

2.9.3 Use teleconferencing to participate in meeting rather than travelling.

2.9.4 Eliminate travel at pick times when fares are expensive.

2.9.5 Municipality must ensure it make use of the National Treasury Policy Framework for Travels and Subsistence

2.10 Use of Consultants

2.10.1 A needs analysis must be performed and report submitted to Management Committee before procurement

2.10.2 Monitoring tool must be developed to ensure effectiveness and efficiency

2.10.3 In SLA , skills transfer must be included to ensure that employees are capacitated to eliminate future procurement of services

2.10.4 Consultants appointed, including construction and infrastructure must be remunerated at rates equal to the following:

- determined in the "Guidelines on fees for audits done on behalf of the Auditor-General South Africa", issued by the South African Institute of Chartered Accountants (SAICA);
- set out in the "Guide on Hourly Fee Rates for Consultants", by the Department of Public Service and Administration (DPSA); or
- Prescribed by the body regulating the profession of the consultant.

2.10.5 Municipality must develop a consultancy reduction plan

2.11 Other Related Issues

2.11.1 Use of existing facilities and equipment should be encouraged when new employees appointed

2.11.2 Municipality must ensure energy saving measure are in place and staff made aware of their role with regard to this i.e. air-conditioning and lights in buildings are switched off at night and when offices are not in use.

2.11.3 Where possible the warranties on vehicle and computer equipment should be extended instead of procuring new ones

2.11.4 Every effort must be made to recover debt from consumers before write-off. Municipality to avoid the excessive usage of debt collectors and improve its internal capacity for debt collection

2.11.5 Accounting officer is advised to ensure that all commodities and products that the National Treasury designated as transversal contracts are utilised to benefit from savings where lower prices or rates have been negotiated

The strategy must be reviewed on a regular basis based on agreed input from all stakeholders.